

Message Text

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PAGE 01 MANILA 06509 250125Z
ACTION PM-05

INFO OCT-01 EA-10 ISO-00 CIAE-00 INR-10 NSAE-00 EB-08
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FM AMEMBASSY MANILA
TO CINCPAC HONOLULU HI
INFO SECSTATE WASHDC 4720
SECDEF WASHDC
CINCPACAF HICKAM AFB HI
CINCPACFLT PEARL HARBOR HI
CINCPACREPPH SUBIC BAY RP
CDR DPDR PAC DET SUBIC BAY RP
DPDS BATTLE CREEK MI
DPDR PAC HONOLULU HI
13THAF CLARK AB RP

C O N F I D E N T I A L MANILA 06509

E.O. 11652: GDS
TAGS: MILI, RP
SUBJECT: DEFENSE PROPERTY DISPOSAL SALES/EXCESS PROPERTY
AND SCRAP MATERIAL

REF: CINCPAC 282347Z MARCH 78

1. SUMMARY: EMBOFFS MET WITH FAROLAN ON EXCESS PROPERTY SALES. THERE MAY BE SOME INTERIM RELIEF FOR OTHER THAN CONTROLLED ITEMS. FAROLAN RAISED QUESTION OF ASSIGNMENT OF CUSTOMS AGENT AT CLARK. END SUMMARY

2. ON 24 APRIL 1978 EMBOFFS CALLED ON CUSTOMS COMMISSIONER COL. FAROLAN TO SEEK RELIEF FROM BAN ON DPDO SALES OF EXCESS PROPERTY. FAROLAN POINTED OUT THAT HE HAD ALREADY APPROVED SALES OF PROPERTY THAT COULD NOT BE RECONDITIONED OR REPAIRED. HE ACKNOWLEDGED THE LOSS OF CUSTOMS REVENUE
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WHICH HE ESTIMATED AT 40-50 MILLION PESOS ANNUALLY BUT ACCEPTED THAT LOSS AS NECESSARY IN PERSUADING LOCAL BUSINESSMEN TO PURSUE OTHER ENDEAVORS AND GIVE UP THEIR DEPENDENCE ON THE BASES.

3. EMBOFFS STRESSED THE SERIOUS DIFFICULTIES THE BAN WAS CAUSING AND SUGGESTED THAT APPROPRIATE TEMPORARY

AND PARTIAL RELIEF COULD BE AFFORDED IF FAROLAN WOULD DISTINGUISH "BX" OR "CONTROLLED ITEMS" (LISTED IN APPENDIX C TO 1969 CUSTOMS AGREEMENT) FROM EXCESS U.S. FORCES AND MAP PROPERTY. HE WAS PROVIDED EXEMPLARY LISTS OF EXCESS PROPERTY AWAITING DISPOSITION WHICH HE SAID HE WOULD STUDY IN CONSULTATION WITH OTHER GOVERNMENT OFFICIALS. THE POSSIBILITY OF SALES OF CONTROLLED ITEMS ON A "FIRST REFUSAL" BASIS WAS TOUCHED ON BUT NOT PURSUED IN DETAIL AS FAROLAN SEEMED MUCH MORE INTERESTED IN ADDRESSING THE PROPOSED SALES OF EXCESS GOVERNMENT PROPERTY OTHER THAN CONTROLLED ITEMS.

4. TOWARD THE END OF DISCUSSION, FAROLAN ASKED ABOUT THE STATUS OF THE RP PROPOSAL TO STATION CUSTOMS AGENTS AT THE CLARK TERMINAL. EMBOFFS REPLIED THAT GIVEN THE STATUS OF BASE TALKS AND THE UNSETTLED ROLE OF THE PROSPECTIVE PMDLIPPINE BASE COMMANDER, IT MIGHT BE DIFFICULT TO INSTITUTE ANY CHANGES AT THE MOMENT. FAROLAN STATED HE WOULD NEVERTHELESS APPRECIATE THE EMBASSY CHECKING THIS POINT WITH CLARK AS HE WOULD VERY MUCH LIKE TO ASSIGN ONE OR TWO CUSTOMS MEN AT THE TERMINAL TO CHECK INCOMING PASSENGERS. WHEN IT WAS POINTED OUT TO HIM THAT PASSENGERS WOULD IN ALMOST ALL CASES HAVE TAX-EXEMPT STATUS HE POSITED THE CASE OF A FILIPINO CITIZEN IN THE U.S. NAVY ARRIVING AT CLARK IN A LEAVE STATUS CARRYING TV SETS, CAMERAS, RADIOS, ETC. FAROLAN
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SAID THAT UNDER CURRENT PRACTICE SUCH A PASSENGER WOULD HAVE TO MAKE A SUBSTANTIAL TRIP TO GET A TAX-RECEIPT AND RETURN TO THE TERMINAL FOR CLEARANCE. A CUSTOMS AGENT STATIONED AT THE TERMINAL WOULD RENDER THIS INCONVENIENCE UNNECESSARY.

5. COMMENT: FAROLAN SEEMED WILLING TO MAKE AN EFFORT TO EASE THE EXCESS PROPERTY PROBLEM AND WE EXPECT A RESPONSE FROM HIM IN THE NEAR FUTURE. WE WILL THEN EXPLORE THE POSSIBILITIES OF GETTING RELIEF ON THE SALE OF CONTROLLED ITEMS AS WELL. AS WE ARE NOT LIKELY TO GET MUCH MORE COOPERATION THAN WE GIVE, SUGGEST THAT POSSIBILITY OF EARLY ASSIGNMENT OF CUSTOMS AGENTS AT CLARK BE RE-EXAMINED. STULL

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